

INTERIM IRM PROCEDURAL UPDATE

DATE: 04/30/2013

NUMBER: WI-21-0413-0838

SUBJECT: Tax Exempt/Government Entities (TEGE) Customer Account Services (CAS) Telephone Operations

AFFECTED IRM(s)/SUBSECTION(s): 21.3.8

CHANGE(s):

IRM 21.3.8.5.1.3.1(2) - Expanded the status 41 procedures to include organizations with an organizing document dated within 27 months of the current date.

- 2. Research to determine whether the organization is recognized tax exempt:

If	Then
INOLES/ENMOD shows the entity in status 41 and there is no favorable case closed on EDS/TEDS after the ruling date shown on IDRS	1. Verify disclosure. See IRM 21.3.8.4.1.5, "Taxpayer Authentication Procedures." 2. Advise the caller that we have no record of tax exempt recognition by virtue of an approved application, i.e., that we have no record of the organization having tax-exempt status under section 501(a) of the Internal Revenue Code. 3. If the caller is authorized, explain that the organization is required to apply for formal recognition of its exemption and that it is liable for a taxable return until it has had its exemption approved. NOTE: If the status should be changed to status 31 (because the organization qualifies as a public charity with annual gross receipts averaging \$5000 or less), to status 36 (because the organization qualifies for exemption under a subsection other than IRC section 501(c)(3), (c)(9), or (c)(17)), or to status 40 because the organization has an organizing document that is dated within 27

	<p>months of the current date, prepare a Form 4442 referral to EO Entity (fax 801-620-7116) with the relevant information and request that they update the status of the organization. Inform the caller that the organization may still be subject to auto-revocation if they have not filed at least one EO return or submitted a Form 990-N in the last three tax periods.</p>
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IRM 21.3.8.8.4(3) - Updated the hours of operation for the Enterprise Computing Center---Martinsburg.

3. Provide callers with the Enterprise Computing Center---Martinsburg (ECC-MTB) toll-free number and the hours of operation. The toll-free number is 866-455-7438. The Telecommunication Device for the Deaf (TDD) number is (304)579-4827 (not a toll-free number). The hours of operation for the Center are Monday through Friday, 8:30 a.m. to 6:00 p.m. Eastern time. The Center can also be contacted via email at mccirp@irs.gov .

IRM 21.3.8.12.6.1 - Added a new paragraph (2) with guidelines for handling general auto-revocation calls and renumbered the subsequent paragraphs; added a Note to the renumbered (8) that an organization must file its EO return extension request with EO Determinations while its application for reinstatement is still pending; added a response time frame for HQ analyst referrals to the Note in the renumbered paragraph (10).

2. Respond to a caller's direct questions about issues relating to auto-revocation and reinstatement with specific and complete answers. However, if the caller does not have specific questions, but rather makes a general statement about having received a revocation notice or asks a general question about what the organization should do, inform the caller:
 - The organization's exemption was revoked for failure to file the required return or e-Postcard for three consecutive years.
 - The organization must apply for exemption and pay the required user fee if it intends to operate as an exempt organization; otherwise it must file annual taxable returns.
 - The IRS Web site contains a lot of information about auto-revocation and the reinstatement process. If the caller has access to the Internet, he should

review that material and call us back if he has specific questions about what he read.

NOTE: If the caller does not have access to the Internet and the organization intends to apply for reinstatement of its exemption, you must offer to order for the caller the appropriate application form, Form 8718, if applicable, and Pub 557.

REMINDER: If the caller asks specific follow-up questions based on the general information you share, you must address those questions.

8. If the organization has applied for reinstatement and would otherwise be a Form 990, Form 990-EZ, or Form 990-PF filer (had it not been auto-revoked), it must send a complete and timely EO return to EO Determinations for any tax period that ends while their application for reinstatement is still pending. The return should be sent to:
IRS - TEGE
P.O. Box 2508
Cincinnati, OH 45201

NOTE: If the organization needs to request an extension of time to file its EO return while its reinstatement application is pending, it should send the extension request to EO Determinations at the address noted here.

10. Refer to the Automatic Revocation FAQs and other auto-revocation information on the IRS Web site for additional information.

NOTE: If the caller has an auto-revocation issue that cannot be resolved using the information in the IRM or on the Web, prepare a Form 4442 referral to your lead with the relevant details and contact information, and the lead will consult with the Headquarters analyst. If you prepare a Form 4442 referral for an organization-specific auto-revocation issue/question, give the caller a 60-day response time frame.

IRM 21.3.8.12.14.5.2(2) - Added a Note about the time frame an organization that leaves a group ruling has to apply for its own ruling to remain compliant with IRC section 508.

2. If the caller asks a general question about how to be removed from a group ruling, inform the caller that the central organization may denote the organization as a deletion when it submits its annual SGRI. See IRM 21.3.8.12.14.3, "Supplemental Group Ruling Information (SGRI)," for additional information about the SGRI process.

NOTE: If the organization leaving the group exemption is subject to IRC section 508 (e.g., 501(c)(3) organizations), it must file its application for recognition of its individual exemption within 27 months from the date it was notified by the organization holding the group exemption letter (or by the IRS) that it was no longer covered by the group exemption letter. See Schedule E of Form 1023 for additional information.

IRM 21.3.8.12.24.2(2) - Expanded the status 41 procedures in the Reminder to include organizations with an organizing document dated within 27 months of the current date.

2. If you determine that the notice rejected because the organization does not have an EO submodule (and is not a "no-roll"), take information from the caller that will allow the establishment of a submodule. Capture that information on the data sheet (EO Data Sheet) found on the TEGE Call Sites Research Portal (in the EO – e-Postcards section of the Job Aids). The sheet must be sent in an encrypted email to EO Entity, which will establish the submodule within six weeks of receipt of the form. You must also put a history item on AMS (when available, otherwise on ENMOD) with the notation "SUBMODDATA."

REMINDER: Organizations that are not required to apply for formal exemption, newly-formed organizations and organizations with a pending application will also need an EO submodule to submit a Form 990-N. Follow the procedures outlined in this and subsequent subsections to create an EO submodule for these organizations, unless the organization is exempt from submitting a Form 990-N. See IRM 21.3.8.12.24, "Annual Electronic Notice Filing Requirement, Form 990-N," for a list of exceptions. See IRM 21.3.8.12.5.7, "Request to Change Filing Requirement," if the organization has a Form 1120 filing requirement (unless the organization has FTE'd or is in status 41). If the organization is in status 41, probe to determine the purpose, activities, and amount and nature of the organization's gross receipts. If the organization is appropriately in status 41, inform the caller that the organization must file taxable returns until it applies for and receives formal exemption. If the status should be changed to status 31 (because the organization qualifies as a public charity with annual gross receipts averaging \$5000 or less), to status 36 (because the organization qualifies for exemption under a subsection other than (c)(3), (c)(9), or (c)(17)), or to status 40 because the organization has an organizing document that is dated within 27 months of the current date, prepare a Form 4442 referral to EO Entity (fax 801-620-7116) with the relevant information and request that they update the status of the organization. Inform the caller that the organization should be able to submit its Form 990-N in six weeks but that they may still be subject to auto-revocation if they have not filed at least one EO return or submitted a Form 990-N in the last three tax periods.

NOTE: Do not take submodule information for component units of the Salvation Army or the American Red Cross. The Salvation Army is classified as a church and is not required to submit a Form 990-N. Local chapters of the American Red Cross are not separate legal entities and have no EO filing requirements (although they may have EINs for banking and employment tax purposes). Their finances and activities are included on the return filed by their national headquarters. See IRM 21.3.8.12.14.5 , "Adding Subordinates to a GEN and Modifying Subordinate Information," for additional information.

IRM 21.3.8.14.1.1(4) - Clarified that only political organizations that were required to file a Form 8871 must file a final Form 8871 when they terminate.

4. If an organization that was required to file a Form 8871 **terminates** its political organization exempt status under IRC section 527, it must file a final Form 8871 within 30 days of termination.